

STMS Town Hall - Bankruptcy

3-31-09

Jeremy Halbreich, STMS
acting CEO

Phone
conference

Chapter 11
(not a liquidation Chapter 7)

Chapter 11
allows operation as usual

Hope to complete Ch. 11 later in 2009
will still be paid

will:

- sale of some or all of assets.

Details of Ch. 11 Bankruptcy

- Creditors / Lenders may not take action
against company.

- wages

filed motion to continue to pay as usual;
no interruption in pay or benefits.

(401(k) is in separate, protected accounts)

- may be some day of pay glitches.

Some paychecks already issued but not deposited
may be rejected. New accounts are being opened.

- Mandatory furlough

- 1 week off in next 2 months.

- Union reps will be asking members also.

union reps. will ask members to

Restructure Process

focus on customer & biz. plan

Huron Consulting Group - restructure company
to help guide in bankruptcy process.

Brian Linscott of Huron:

helping co. over last 3 weeks

There is no bank debt or bond issues.

The debt is to the IKS re: Conrad Black
Huron will be on-site 5 days /wk.

suppliers & vendors

may not be able to pay; but they can file
^{appeal} to other entity to get their payment.

- should be "business as usual"
- keep down rumors

Back to Jeremy Halbreich -

Question:

①

? IRS obligation - what is it?

(Neil Steinberg S-T)

\$100 million obligation to IRS
direct result of Black, etc.

Filing allows us to separate assets from
liabilities of the company. We will still
have to pay the IRS.

Company still up for sale; no one interested
until the "legacy burdens" are separated
through the Ch. 11.

Investors have already expressed interest.
Rothchild company has worked w/ United Airlines.

②

Out-sourcing question. (not sure which dept.)
circulation? maybe
severance & retention bonus is suspended.
according to the law of bankruptcy. Vacation pay
is not suspended.

③

Company is "very confident" that company will recover.
Otherwise, STM would file for Chapter 7
Liquidation process.

④

401(k) and pensions will be untouched.

⑤

Furlough question? will be more info about
furloughs in coming days.

company will likely be controlled by a new company.

and that money will go to the creditors.
Rothschild's Financial advisors will
handle new investors. (^{Buyers})

- * ⑥ Existing union contracts - what happens to them.
They remain in place. STMS intends to honor
the contracts. STMS will sit w/ union
reps. ASAP about furloughs, etc.
- * ⑦ Any plans regarding layoffs? by Neil
nothing to share today. But Jeremy can't say
it won't happen. Likely there will be more
downsizing; but no announcements today.

#

47 min. 49 secs.

4-1-09

Town Hall Meeting @ mville
Jeremy Holbreich (CEO)
Rick Sorkin
Greg Powell (A.R.)

Reason for Ch. 11 Filing:

"Legacy issues" - Conrad Black

"Heavy liabilities" is reason no one was interested
in buying STMS. Now w/ bankruptcy, they'll be
interested again as prospective investors.

